

Hue City, May 2021

**REPORT OF THE BOARD OF MANAGEMENT
AT ANNUAL GENERAL MEETING OF SHAREHOLDERS 2021
(FISCAL YEAR 2020)**

A. Performance report in 2020:

I. Assessment on implementation of tasks assigned by General shareholders meeting (“GSM”):

The Annual General Meeting of Shareholders of Huong Giang Tourist Joint Stock Company held on December 17th, 2020 voted on 10 contents, of which approved 09 contents, not approved 01 content. The results of some resolutions are as follows:

1. Regarding business results in 2020:

a. According to the resolution approved by the GSM:

- (1) Profit after tax 2020 **(loss):** (31,396) million dong.
(2) Plan to set up funds
- Welfare and reward fund: 0,0 %
- Remuneration of the BOM, BOS and Secretary: 0,0 %
(3) Average dividend payout for shareholders/ 1 share: **0 dong**

b. According to the result of the audited consolidated financial statement in 2020:

Net profit after tax: **(42,364) million dong**, increase by 12.79% compared to the profit plan for 2020 approved by the General Meeting of Shareholders

The reasons for affecting the company's profit after-tax target in 2020 are explained in detail in the report of the Board of Directors.

2. Plan of dividend for 2020: As a result of the consolidated financial statements and audited separate financial statements in 2020; Profit after tax targets are all losses, so the Board of Management would like to recommend the GSM: **“Non distribute dividends to shareholders and non remuneration is paid by the Board of Management, and Supervisory Board of year 2020”.**

3. Liquidation of joint venture contract at Saigon Morin Hue Co., Ltd.

The liquidation of the joint venture contract between Saigon Tourist Corporation and Huong Giang Tourist Joint Stock Company at the joint venture Saigon Morin Hue Hotel is still being discussed by the two parties to complete the termination procedures of the joint venture although the Board of Members of Saigon Morin Hue Co., Ltd. has issued many resolutions related to the liquidation and dissolution of the joint venture. After many years of negotiation and exchange, the Board of Members of Saigon Morin Hue Co., Ltd. has allowed Saigon Morin Hue Hotel to continue operating until December 31, 2021 so that SGT has more time to consult the authority's management that are the City Party Committee, the

People's Committee of Ho Chi Minh City and the Ministry of Finance on the plan to liquidate the joint venture contract in accordance with the law.

4. Huong Giang Hotel Resort & Spa:

Business operations of Huong Giang Hotel in 2020, due to the impact of the Covid-19 epidemic, storms and floods occurred in a row, so the targets of revenue and profit after tax in 2020 are much lower than in the same period last year 2019.

Revenue in 2020 reached VND 18,703 million, decreased by 66% compared to the same period in 2019 (decreased VND 35,681 million).

Profit after tax: loss of 6,861 million dong, compared to the same period in 2019 with profit of 5,119 million dong.

5. Festival restaurant renovation project at 11 Le Loi street:

The project has been approved by the Board of Management in December 2018 (resolution No. 17/18/QĐ-HĐQT) with a total estimated investment of 1 million USD (equivalent to 23.3 billion VND) by loan capital 60%) and equity capital (40%).

Due to the impact of the Covid 19 pandemic, the project had been suspended the renovation from March 2020 because the project management consulting company could not enter Vietnam. Currently, the Company has reached an agreement between the supervision consultant and the construction company to promote and strive to complete the items to put the project into operation in 2021.

6. The Nama project at 85 Nguyen Chi Dieu, Hue city:

The project has completed the site clearance for the extension and approved the detailed technical design by the Department of Construction. However, due to the location of the project's land is in zone 1 of the Hue Citadel, the signing of the land lease contract is being entangled by current legal documents. The People's Committee of Thua Thien Hue province is carrying out procedures to adjust the zoning of the Kham Thien Giam relic area to submit to the Ministry of Culture, Sports and Tourism for approval as a basis for adjusting the planning to bring the project's land out of protected area of the monument.

7. Expansion Azerai La Residence Hotel project.

Up to now, Hotel De La Cite Imperiale Co., Ltd has completed the relevant procedures to start the construction of the project. However, at the request of the People's Committee of Thua Thien Hue province, the project must be re-implemented the process of renting land from the beginning. Specifically, the auction of the project's land use rights is being carried out by agencies and departments, expected to be implemented in August 2021.

II. Executive management:

1. Organization and personnel:

In 2020, the Board of Management held 04 meetings, including 04 indirect meetings (collecting written opinions).

Some resolutions that the Board of Management issued in 2020 include:

- Resolution No. 06/20/NQ-HĐQT dated February 10th, 2020 on extending the time for holding the general meeting of shareholders in 2020;

- Resolution No. 15/20/NQ-HĐQT dated June 15th, 2020 on selection of the audit company;
- Resolution No. 18/20/NQ-HĐQT dated June 30th, 2020 on liquidation of contract between HGT Company and Azula Management Co., Ltd at Huong Giang Hotel;
- Resolution No. 22/20/NQ-HĐQT dated July 31st, 2020 on the increase of charter capital at Hotel De La Cite Imperiale Co., Ltd;
- Resolution No. 23/20/NQ-HĐQT dated October 30th, 2020 on handling of long-term financial investments and bad debts that have been made provision for since 2014;
- Resolution No. 25/20/NQ-HĐQT dated November 3rd, 2020 on the organization of the Annual General Meeting of Shareholders in 2020;
- Decision No. 26/20/QĐ-HĐQT dated October 31st, 2020 on adjusting investment content of La Residence Hotel & spa project;

2. Regarding the selection of the auditing company to audit the separate financial statements and the consolidated financial statements of 2020. The Annual General Meeting of Shareholders approved the list of 03 companies. At the request of the Board of Supervisors, the Board of Management approved the selection of AASC Auditing Firm Co., Ltd. to audit the separate financial statements and the consolidated financial statements in 2020.

3. Regarding the implementation of procedures for centralized securities depository registration and listing on Upcom:

After preparing the relevant documents as prescribed. On July 30th, 2020, the Vietnam Securities Depository Center (VSD) issued the Certificate of Securities Registration for the Company's shares and on October 8, 2020 the Hanoi Stock Exchange issued Decision No.547/QĐ-SGDHN on approving the registration of shares trading of Huong Giang Tourist Joint Stock Company on Upcom exchange.

4. Assessing activities of independent members of the Board of Management and assessing the implementation of resolutions of the Board of Management:

In 2020, due to the Covid-19 pandemic, the meetings of the Board of Management were held in the form of collecting opinions of members on issues that need to be discussed through votes. Independent members of the Board of Management who do not participate in the management role participated fully at the Annual General Meeting of Shareholders and at the meetings of the Board of Management. In addition, members of the Board of Management participated in giving feedback on arising issues that the Chairman of the Board of Management suggested in writing.

Supervising the Board of Directors of the Company to implement the resolutions of the General Meeting of Shareholders as well as the resolutions of the Board of Management issued in 2020.

Giám sát Ban Tổng Giám đốc Công ty thực hiện các nghị quyết của Đại hội đồng cổ đông cũng như nghị quyết của HĐQT đã ban hành trong năm 2020.

B. Operation orientation of the Board of Management in 2021:

Continue to restructure the entire management machine at the Company and its affiliated units. Reviewing and adjusting regulations related to business operations throughout the Company to ensure compliance and support business activities of the affiliated units.

I. Focus on implementing some of the Company's projects:

1. Termination of Joint Venture Contract at Saigon Morin Hue Co., Ltd.

Continue to direct the General Director of the Company who is also the capital representative of Huong Giang Tourist Joint Stock Company at the joint venture Saigon Morin Hue Co., Ltd. to work with SGT and the management level to soon complete the procedures of liquidation, termination of joint venture contract at Saigon Morin Hue hotel.

2. To complete the project of upgrading and renovating Festival Restaurant – 11 Le Loi, Hue.

Requesting the Board of Directors of the Company to urge the construction companies to soon complete the work items to put them into operation in the fourth quarter of 2021.

3. Nama Project at 85 Nguyen Chi Dieu, Hue City:

Continue to closely follow the guidance of the Provincial People's Committee, Department of Culture and Sports and Hue Monuments Conservation Center in completing the task of planning to preserve and promote the value of Hue Monuments Complex until 2030. On the basis of the new planning task, the project's land area will be adjusted out of the relic protection zone, converted the use purpose into commercial and service land, carrying out the procedures for land lease, obtaining a building permit for the project.

4. Azerai-La Residence Hotel land expanding project - 05 Le Loi, Hue

Continue to follow closely and send a written request to the leaders of the Provincial People's Committee, the departments of Thua Thien Hue province to soon support the Company to complete the relevant procedures for the project's land use rights according to the new regulations so that the project can be started construction.

5. Transformation of Subsidiaries and Branches

Calling partners to invest and carry out necessary procedures to transfer 51% of HGT's capital at Huong Giang Travel One Member Limited Company and transform it into 2-member company in the third quarter of 2021.

6. Transfer of contributed capital in the uncontrolled joint venture companies:

Planning to transfer part or all of HGT's contributed capital in uncontrolled joint venture companies with inefficient business activities. The recovered capital will be reinvested in potential future projects.

7. Implement business targets in 2021:

The Board of Management believes that business activities in 2021 will continue to face difficulties due to the impact of the Covid 19 pandemic. Based on the proposal of the General Director and functional departments, the business plan targets for the year 2021 are built as follows:

(1) Expected profit after tax of the Company in 2021 (loss): (31,237 million VND);

(2) Plan for setting up funds: No setting aside funds and no remuneration of the Board of Management and Board of Supervisors;

(3) Not paying dividends because business results loss;

II. Executive management:

1. Completing the adjustment of the Company's charter and governance regulations in accordance with current provisions of law.

Maintain Board of Management meetings once a quarter to evaluate the business performance of the Board of Directors as well as monitor the implementation of resolutions of the General Meeting of Shareholders and resolutions of the Board of Management has issued.

2. Continue to strengthen the management at the joint venture companies, improve the service quality at the affiliated units, focus on completing the unfinished investment projects to soon put them into operation, increase the scale and revenue for the Company. Seeking investment cooperation opportunities in the future to enhance the position and develop the brand of the Company.

Dear valued shareholders!

The Board of Management would like to thank the shareholders for your cooperation and sharing with the Board of Management over the past time. The Board of Management always aims at perfecting the management method, continuing to make more efforts to improve the business performance of the Company./.

**For. BOARD OF MANAGEMENT
CHAIRMAN**

Yukio Takahashi